

Message Text

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PAGE 01 SANTIA 05578 122226Z

20

ACTION ARA-20

INFO OCT-01 ISO-00 AID-20 HUD-02 EB-11 CIAE-00 INR-11

NSAE-00 RSC-01 COME-00 TRSE-00 CIEP-03 IGA-02 DRC-01

/072 W

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R 121905Z SEP 74

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 269

UNCLAS SANTIAGO 5578

E.O.11652:N/A

TAGS:

SUBJ: CHANGE IN GOC PUBLIC HOUSING PLANS

1. DURING COURTESY CALL TO INTRODUCE NEW AID MISSION DIRECTOR VAN DYKE TO MINISTER OF ECONOMY FERNANDO LENIZ, AMBASSADOR ASKED WHAT PROGRESS WAS BEING MADE RE GOC PUBLIC HOUSING PROGRAM, SPECIFICALLY WITH RESPECT TO PROPOSAL FOR IMPORTS OF PRE-FABRICATED HOUSING FROM US, CONCERNING WHICH HOUSING MINISTER TRONCOSO HAD SPOKEN TO AMB SOME WEEKS AGO. AT THAT TIME TRONCOSO WAS THINKING IN TERMS OF A \$5 MILLION FUND FOR SUCH IMPORTS.

2. LENIZ SAID THAT EXCEPT POSSIBLY FOR A FEW DEMONSTRATION MODELS, IMPORTS WERE NO LONGER ENVISAGED. REASON IS THAT LOW INCOME HOUSING OF STANDARD DESIRED CAN BE OBTAINED FAR MORE CHEAPLY IN CHILE. CHILEANS CALCULATE COST OF A 38 SQUARE METER HOUSE (WITHOUT INFRASTRUCTURE) OF SEMI-PERMANENT CONSTRUCTION (LIFE OF 15 TO 20 YEARS) AT \$1400. THEY INTEND TO CONSTRUCT 20 THOUSAND SUCH HOUSES, FOR WHICH THEY WILL ALLOCATE 11 BILLION ESCUDOS PLUS CERTAIN DOLLAR RESOURCES. THE HOUSES WOULD BE PROVIDED TO LOW INCOME OWNERS AT A COST EQUIVALENT TO 15 PERCENT OF THEIR SALARIES.

3. LENIZ SAID THAT GOC MIGHT NEED INITIAL

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FINANCIAL BACKING FOR THIS PROGRAM, BUT THAT A

US HOUSING GUARANTEE PROGRAM WAS INAPPROPRIATE FOR THIS
PURPOSE, PARTICULARLY IN VIEW OF CURRENT INTEREST RATES
OF 10 PERCENT, OR MORE.
IN ANY EVENT, GOC WAS LOOKING TO INTER-AMERICAN
DEVELOPMENT BANK TO PROVIDE A \$25 MILLION LOAN DURING
1975, WHICH WOULD BE USED TO PROVIDE ESSENTIAL SERVICES --
WATER, SEWERS AND ELECTRICITY -- FOR NEW HOUSING DEVELOPMENTS.
POPER

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